

# Case study

## SSE – working with investors to chart a just transition

February 2024



UK-based energy utility SSE was one of the first companies to design and implement a just transition strategy as part of its net zero plan. Dialogue with investors was a key factor in the development of the strategy and its experience provides important lessons on business strategy, market frameworks, metrics and stakeholder dialogue.

### Summary

- SSE worked with two key investors to build support for and develop a market-leading just transition strategy as part of its net zero plan.
- By tabling a question on the just transition at SSE's 2020 AGM, Royal London Asset Management and the Friends Provident Foundation helped raised the profile of this issue among internal and external stakeholders.
- The strategy contains 20 just transition-related principles which guide SSE's overall corporate direction. The company has since reported on how the strategy has been implemented, primarily with qualitative disclosures. SSE is reviewing the principles, and is exploring quantitative metrics to measure progress.
- SSE's example has helped to encourage wider efforts on just transition at both the sector and national levels.
- The case study highlights the links with business practice, the importance of leadership to stimulate wider adoption, the need for more dialogue between investors and stakeholders (such as trade unions) and the importance of future work in developing just transition pathways.



### Just Transition Finance Lab case study series

Photo: Clyde Windfarm/SSE

The Just Transition Finance Lab case study series profiles emerging practice in bringing the just transition to life, examining the interplay between companies, finance institutions, workers, communities and policymakers. A major focus is on the role that finance can play in supporting meaningful action.

The case studies are based on interviews with key protagonists and observers. They seek to explore the motivations, processes, successes and challenges in addressing the social implications of the transition to a net zero and nature-positive economy. They also aim to identify lessons that can be drawn from early steps to align the interests of capital, labour and the wider community in an equitable response to the climate crisis. The aim is to show what is possible and encourage leadership.

The Just Transition Finance Lab is based at the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science.

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## Introduction

UK-based energy company SSE has developed a market-leading just transition strategy, setting out how it plans “to promote a smooth, fair and just transition to net zero”.<sup>1</sup> Since unveiling the strategy in 2020, the company has taken a number of actions and produced several reports on its progress, disclosing against a range of just transition-related metrics and indicators. It is continuing to update its just transition strategy and how it tracks progress.

A handful of highly engaged investors have encouraged SSE to develop the strategy and provided close support to its development. By raising the issue of the just transition at one of SSE’s annual general meetings, they helped to elevate its importance within the company and among key stakeholders, and provided crucial support to internal advocates as they developed and implemented the just transition strategy.

## The company and net zero

SSE is a FTSE-listed integrated energy company, headquartered in Scotland, and with interests across the UK, Republic of Ireland, Japan, Spain, Portugal, Denmark and Poland. It has a market capitalisation of £17.7 billion (as of 1 January 2024) and employs more than 10,000 people. The company is one of the UK’s largest generators of renewable energy, operating around 4 GW of capacity, mostly in wind and hydro power, with a pipeline to develop an additional 9 GW by 2027. It also operates power transmission and distribution networks in the UK, and 6,830 MW of thermal (gas- and oil-fired) power plants.

The company committed to net zero in 2019 and published a full [net zero transition plan](#) (which it calls the ‘Net Zero Acceleration Programme Plus’) in March 2022. By this point, it had just closed its last coal-fired power station, the 2 GW Fiddler’s Ferry plant in Cheshire, in the northwest of England.

The net zero plan sets a pathway for the company to reach net zero on Scope 1 and 2 emissions by 2040, and Scope 3 by 2050 at the latest.<sup>2</sup> Interim targets supporting these ambitions have been approved by the Science Based Targets initiative.<sup>3</sup> SSE’s 2030 targets are aligned with the UN Sustainable Development Goals, specifically those addressing climate action (SDG 13), affordable and clean energy (SDG 7), industry, innovation and infrastructure (SDG 9), and – especially relevant for the just transition – decent work and economic growth (SDG 8).

This incorporation of the just transition into the net zero transition plan was built on a dedicated just transition strategy released simultaneously, making it the first company globally to develop such a dedicated strategy.<sup>4</sup> Covering five aspects and based on 20

principles, the strategy explains how the company will both transition out of unabated fossil fuels and transition into a net zero-compliant business model. Its development was led by Rachel McEwen, the company’s chief sustainability officer.

The just transition had been on McEwen’s agenda for a number of years. She had joined Scotland’s Just Transition Commission, created in 2018, to help produce and monitor the devolved government’s just transition planning, and the issue was something she and SSE were beginning to consider. However, she acknowledged that the company had not, at that point, comprehensively considered what its climate plan meant for workers, communities or consumers. This is where investor engagement combined with the policy context in Scotland to trigger action.

## The investors

Engagement with SSE on the just transition was led by two investors: Royal London Asset Management (RLAM) and Friends Provident Foundation (FPF). RLAM, part of the mutually-owned Royal London Group, is a UK-based asset manager which manages some £150 billion in assets. It stresses its commitment to responsible investment, integrating environmental, social and governance (ESG) considerations across its investment teams, and to engaging with companies to improve their ESG performance.

FPF, an independent charity, was created by Friends Provident plc when the financial services group’s predecessor, Friends Provident Life Office, was demutualised in 2001. It is an independent charity that “makes grants and uses its endowment towards a fair and sustainable economic system that serves people

1. [www.sse.com/sustainability/sse-s-just-transition-plan-moving-from-principles-to-action/](https://www.sse.com/sustainability/sse-s-just-transition-plan-moving-from-principles-to-action/)

2. [www.sse.com/media/pf3fsfak/sse-plc-annual-report.pdf](https://www.sse.com/media/pf3fsfak/sse-plc-annual-report.pdf)

3. [www.sse.com/sustainability/environment/](https://www.sse.com/sustainability/environment/)

4. [www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/07/From-the-Grand-to-the-Granular\\_translating-just-transition-ambitions-into-investor-action.pdf](https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/07/From-the-Grand-to-the-Granular_translating-just-transition-ambitions-into-investor-action.pdf)



and planet”.<sup>5</sup> It manages an endowment worth around £30 million.<sup>6</sup>

FPF’s engagement with SSE on the company’s just transition strategy had its origin in work undertaken by FPF on the energy sector. “We were particularly interested in the energy market because it was being disrupted like nothing else, providing all sorts of opportunities for a more sustainable system,” says Colin Baines, then FPF’s investment engagement manager (and now stewardship manager at pension fund Border to Coast).

FPF’s energy sector engagement model was based on the ‘3Ds’ of decarbonisation, decentralisation and the democratisation of power generation. This approach included a substantial social dimension, with a “big emphasis on place” and the opportunities presented by promoting affordable, decentralised community energy, Baines adds. Following a presentation on the subject at a responsible investment conference in 2017, Baines was approached by RLAM with the suggestion that they join forces for an engagement campaign.

The partnership brings complementary attributes to the table, says Baines, combining RLAM’s heft as a large shareholder (in this case, it held around 2% of SSE’s shares at the time), while FPF, as a charitable organisation and purpose-driven investor, can “go further” in advocating change. “It’s a nice partnership and it can help move the strategy forward,” says Simonetta Spavieri, senior engagement analyst at RLAM.

Thus began a programme of engagement over 2018–19 by RLAM and FPF with eight leading UK-based utilities, including SSE, on their decarbonisation plans. While that work showed good progress, it became evident that “people were missing” from utilities’ energy transition plans, says Spavieri.

RLAM had, in 2019, joined 161 other investors in signing up to the Principles for Responsible Investment’s investor commitment to support a just transition, under which it committed to “include workforce and community issues in climate-related engagement on corporate practices, scenarios and disclosures”. At the same time, FPF had been supporting the work of the Grantham Research Institute around the just transition, including beginning work on what would become a framework for investor expectations on the subject.<sup>7</sup> The following year, the two partners decided to make the just transition the priority of their engagement with utilities.

## Taking the just transition to the board at the AGM

Making their just transition expectations a board-level issue was the next step for the investors. In a meeting between SSE, RLAM and FPF, it was suggested that an enquiry to the board from a significant investor such as RLAM would help to highlight to SSE’s board the social consequences of the transition to net zero.

The result was RLAM and FPF tabling a question at the company’s August AGM in 2020. That question, directed to SSE’s chair, asked:

“Would you consider the adoption of a formal ‘just transition strategy’ that addresses the socioeconomic implications of your company’s net zero ambition and decarbonisation strategy on workers, communities, supply chain and consumers in a way that mitigates negative impact and enhances the opportunities of the energy transition? For example, covering the expected closure of unabated gas power stations in the 2030s and the community ownership stakes in new onshore renewable energy projects.”

Spavieri notes that the engagement took the form of a question to the board rather than a formal resolution at the AGM, which would have mandated a response from the board. From McEwen’s perspective, tabling a question at the AGM “put the issue on the agenda, and sent a signal that [the issue] is important.” It also fed into McEwen’s ongoing goal of ensuring “parity” between the company’s financial and non-financial objectives. “There’s much more to SSE than ‘just’ profit numbers,” she says.

McEwen adds that, in the run-up to the 2020 AGM, initial conversations around a just transition strategy had already taken place within SSE’s senior management. She had been promoted to chief sustainability officer the previous year, reporting directly to the chief executive for the first time. “In my first meeting [as chief sustainability officer] with [SSE CEO] Alistair [Phillips-Davies] I said, ‘this is on my mind’. He was waiting for us to come up with something. Once the chair said [at the AGM], ‘yes, we’ll produce a strategy and, by the way, we’ll do it by the half-year results in November,’ that obviously raises the bar ... It needed to be good,” she says.

5. [https://friendsprovidentfoundation.org/wp-content/uploads/2023/06/FPF\\_Annual\\_Report\\_2022\\_Glossy.pdf](https://friendsprovidentfoundation.org/wp-content/uploads/2023/06/FPF_Annual_Report_2022_Glossy.pdf)

6. Friends Provident Foundation has helped to fund the Grantham Research Institute’s work on the just transition.

7. [www.lse.ac.uk/granthaminstitute/publication/from-the-grand-to-the-granular-translating-just-transition-ambitions-into-investor-action/](http://www.lse.ac.uk/granthaminstitute/publication/from-the-grand-to-the-granular-translating-just-transition-ambitions-into-investor-action/)



## Drawing up the strategy

The next few months involved an intense period of drafting, with McEwen sharing drafts with investors and a large number of internal stakeholders. “They worked very closely with us on strategy development,” says Baines.

At that time, McEwen says that other groups of external stakeholders were not directly consulted on the draft strategy. She adds that the company has undertaken a great deal of consultation and engagement around the social implications of its net zero strategy since November 2020, “particularly with SSE’s recognised trade unions, communities and consumer advocacy groups”. “We were breaking new ground [and] we weren’t filled with confidence,” she says.

Within just three months, McEwen had produced an initial draft, which she presented to the company’s group executive committee. She reports being pleasantly surprised by the degree of engagement by the heads of the various business units: “We had the managing director for renewables asking for us to beef up the section on local content in the renewables sector, and the managing director for networks suggesting we think carefully about the implications of smart grids for vulnerable consumers. They were properly engaged.”

The resulting strategy, *Supporting a Just Transition*, was unveiled as promised by CEO Phillips-Davies in November 2020. The strategy sets out 20 principles (see

Figure 1) that the company said it “will follow to ensure that the impacts from the decisions it takes are fair and that it maximises the opportunities for communities to benefit from net zero”.<sup>8</sup> It frames the just transition as processes of ‘transitioning into’ and ‘transitioning out’: exiting activities associated with high-carbon emissions and moving into “new or reformed” activities with “low and reducing carbon emissions”.<sup>9</sup>






The principles are grouped into five key themes: good green jobs, consumer fairness, building and operating new assets, looking after people in high-carbon jobs, and supporting communities. The strategy describes four sets of affected stakeholders: employees, communities, consumers and the suppliers who are key to executing SSE’s net zero strategy.

The strategy sets out:

- An initial analysis of the impact SSE might make on key stakeholder groups
- The principles that will underpin the decisions and influences it can make as a basis for ongoing engagement with the people and organisations who have a stake in SSE’s business activities
- The actions SSE has taken to date to transition to a net zero company in a responsible way, with social equity factors considered.

It also provides the basis against which the company would report its progress.

Figure 1. SSE’s 20 principles for a just transition

TRANSITIONING INTO A NET-ZERO WORLD			TRANSITIONING OUT OF A HIGH-CARBON WORLD	
 SSE’S PRINCIPLES FOR GOOD, GREEN JOBS	 SSE’S PRINCIPLES FOR CONSUMER FAIRNESS	 SSE’S PRINCIPLES FOR BUILDING AND OPERATING NEW ASSETS	 SSE’S PRINCIPLES FOR PEOPLE IN HIGH-CARBON JOBS	 SSE’S PRINCIPLES FOR SUPPORTING COMMUNITIES
<b>1.</b> Guarantee fair and decent work <b>2.</b> Attract and grow talent <b>3.</b> Value employee voice <b>4.</b> Boost inclusion and diversity	<b>5.</b> Co-create with stakeholders <b>6.</b> Factor-in whole-system costs and benefits <b>7.</b> Make transparent, evidence-based decisions <b>8.</b> Advocate for fairness	<b>9.</b> Support competitive domestic supply chains <b>10.</b> Set social safeguards <b>11.</b> Share value with communities <b>12.</b> Implement responsible developer standards	<b>13.</b> Re-purpose thermal generators for a net-zero world <b>14.</b> Establish and maintain trust <b>15.</b> Provide forward notice of change <b>16.</b> Prioritise retraining and redeployment	<b>17.</b> Deliver robust stakeholder consultation <b>18.</b> Form partnerships across sectors <b>19.</b> Promote further industrial development <b>20.</b> Respect and record cultural heritage

Source: SSE (2020)

8. [www.lse.ac.uk/granthaminstitute/publication/from-the-grand-to-the-granular-translating-just-transition-ambitions-into-investor-action/](http://www.lse.ac.uk/granthaminstitute/publication/from-the-grand-to-the-granular-translating-just-transition-ambitions-into-investor-action/)

9 [www.sse.com/media/km5ff0fx/sse-just-transition-strategy-final.pdf](http://www.sse.com/media/km5ff0fx/sse-just-transition-strategy-final.pdf)





## The response

The policy was met with enthusiasm from investor groups. RLAM and FPF issued a press release in which they said they “applaud SSE on the adoption of the energy sector’s first Just Transition strategy”, stating that “this comprehensive strategy sets the standard for other energy utilities to follow”. They added that the strategy “clearly positions SSE as a leader globally”.<sup>10</sup>

“There are no material gaps [between the SSE strategy] and our investor expectations,” says FPF’s Colin Baines. “Everything we fed back on” during the drafting of the strategy “they acted on.”

Baines expresses particular support for the company’s decision to include, as one of its 20 principles, commitment number 11, to “Share value with local communities”. That committed SSE to “share the economic value of renewables projects through community investment funds – at the same time as innovating models of community partnership, including the notion of shared ownership”. Such shared ownership models can bring real benefits to local people, giving them control over how the proceeds from renewable energy projects are spent. SSE’s inclusion of this principle, along with such a comprehensive strategy covering all the stakeholder groups, “was a massive win”, Baines says, noting that it is the only just transition strategy from a UK-based utility so far that includes such a pledge.

Baines says he was also pleased to see SSE reporting against its progress on the 20 principles: it produced its first report in 2021, within 12 months of creating the strategy. “It was good to see specifics on how the company is addressing these 20 subsets of the strategy”, he says.

Simonetta Spavieri at RLAM applauds how frank SSE has been about the trade-offs inherent in some aspects of the just transition. “You can’t localise your supply chain without there being trade-offs in terms of costs to customers. They have to assess the impact on different stakeholders and manage these trade-offs. Here, they acknowledged the shortcomings and where they couldn’t be as ambitious as they wanted.”

Rachel McEwen also adds that, after producing the strategy, “we grew in confidence and shared it very widely” with the company’s stakeholders. “In a perfect world, we should have done it the other way round,” and consulted ahead of publication. However, the positive reception it has received means that, “in hindsight, this hasn’t mattered”, she says.

“  
Shared ownership  
models can bring real  
benefits to local people,  
giving them control  
over how the proceeds  
from renewable energy  
projects are spent.”



Photo: SEN - Health and Safety/SSE

10. <https://friendsprovidentfoundation.org/news/applause-for-sse-sector-first-just-transition-strategy/>



## Success factors

Spavieri notes that the “open relationship and conversations” between RLAM and the “technical staff” within SSE are unusual in engagement processes. That enabled both sides to explore the detail of what a just transition strategy for SSE might look like.

Trade unions are a key constituent in any corporate just transition strategy. McEwen sits on the Just Transition Commission with Richard Hardy, National Secretary for Scotland and Ireland at the trade union Prospect, which represents workers in the government, energy, defence, nuclear, creative, technology, science and heritage sectors. Hardy describes SSE as an “apex employer” when it comes to its just transition strategy and is broadly supportive of the company’s work in this area.

The growing profile of the just transition within policy and investment circles has supported engagement on the issue, says Baines. He notes that the adoption of just transition language by governments and the appearance of other investor programmes, such as that of the Climate Action 100+ collaboration to

assess companies’ just transition efforts. “When we first started this engagement, [just transition] was pretty much an alien concept ... But now, with Climate Action 100+ coming out with its indicators and metrics, and governments increasingly formally adopting it as an objective, it is really helpful in getting across to companies that they will be expected to act on it. It is in their interests to act sooner rather than later and get ahead of the curve.”

More broadly, the rise of the concept of stakeholder capitalism – as embodied in, for example, the UK’s Corporate Governance Code – has encouraged companies to think more broadly about their stakeholders, says Spavieri. She argues that some companies tend to be more narrowly focused on financial risk stemming from poor relations with a limited subset of stakeholders, such as workers or affected communities. The UK’s Corporate Governance Code stresses “engagement and responsiveness to all stakeholders”, as part of companies’ fiduciary duty. “That has been really useful,” she says.

Photo: Keadby Power Station/SSE







## Taking action and measuring progress

The 20 principles of SSE's just transition strategy fall under two headings: transitioning into a net zero world, which includes 12 principles covering good green jobs, consumer fairness, and building and operating new assets; and transitioning out of a high-carbon world, which includes a further eight principles, addressing people in high-carbon jobs and supporting communities.

The company has reported regularly on the just transition strategy. Its latest report, published in April 2023, documented the progress it has made in implementing those principles. Among the highlights, the *Just transition: measuring progress* report notes that SSE has:

- Made 4,300 appointments from March 2022 to April 2023, and identified 1,773 staff as former high-carbon employees, up from 1,081 in 2021
- Co-created SSEN Transmission and SSEN Distribution business plans with stakeholders, and established stakeholder review structures
- Published a just transition report from SSEN Distribution, focusing on fair access to the benefits of smart grids
- Committed to domestic offshore wind supply chains in Scotland
- Introduced enhanced-as-standard contract clauses to protect workers throughout the supply chain from exploitation
- Continued work to develop a model for shared ownership of appropriate onshore wind farms
- Initiated re-training programmes to widen its reach to those that want to transition to low-carbon roles
- Undertaken community consultations around the development of carbon capture plants at Keadby and Peterhead.

Most of the progress that SSE discloses is qualitative, describing initiatives or actions rather than quantitative metrics that would allow the tracking of progress over time or comparison between companies.

Simonetta Spavieri says welcomes this sort of disclosure, noting that investors want to see accountability and to be able to see how a company is making progress. She says: "In-depth case studies, [showing] actual evidence of implementation of the principles, can be more authentic than a summarised KPI which might [show a company] hitting the target but missing the point.

"But to be able to compare companies and embed [just transition analysis] in portfolio decision-making requires summarising ... What are the most important KPIs that can drive action and demonstrate that the company is implementing its own commitments? That work is still in progress."

Colin Baines is more circumspect regarding comparable metrics. He notes that, even within the utilities sector, different business models mean that different groups of stakeholders tend to be impacted by transition processes. "Whilst we had a set of sector expectations, we didn't want to be too prescriptive ... Between energy generation, distribution and retail ... we would expect different weightings on different issues and a focus on different stakeholder groups ... It is very difficult to have uniform [metrics], even across utilities."

Rachel McEwen notes that, for investors, a key challenge when approaching the just transition is objectively plotting progress. She contrasts this with net zero emissions strategies: here, companies can define a pathway to net zero, and can demonstrate progress in terms of carbon emission reductions. At present, she says, investors are tending to ask more qualitative questions regarding just transition issues: "What is your just transition thinking? Have you got a strategy? Have you published anything? The assumption is that the existence of thought is a good indicator of whether or not this is a company that is thinking laterally about this risk."

## Putting a value on the just transition

Many investors seek to put a financial value on addressing an environmental or social issue, especially if they are seeking to demonstrate that they are meeting their fiduciary responsibilities to their clients. This is usually a complex undertaking and is sometimes impossible to do.

Within the company, McEwen says she has not felt any pressure from SSE's shareholders or board to justify the company's work on just transition in monetary terms. However, she notes that the just transition strategy helps to mitigate risks that the company faces. "We have always understood that the biggest risk to our business objectives is political and regulatory risk," McEwen says. "And political and regulatory risk arises when public opinion puts politicians under pressure."

Spavieri agrees, noting that SSE's just transition work has earned it political capital in Scotland, likely making it easier to implement its projects. It means that the company "has a smoother path to net zero and will



have less risk in terms of implementation relative to other utilities". She notes that the company has faced less community opposition relative to some other utilities. Baines adds that renewables projects with community ownership elements tend to "fly through [the] planning [process], because people want to see the benefits" to their communities enabled by these ownership stakes.

Spavieri also notes that SSE has lower staff turnover than rival utilities and, with a clear just transition strategy that explicitly seeks to attract skilled staff from declining sectors such as oil and gas, is able to attract workers "at a discount". In addition, she suggests that SSE's work created "a lot of brand value" for the company.

### Demonstration effect

As a trailblazer in setting out a just transition strategy, SSE has attracted considerable attention from stakeholders, says McEwen, including from investors. She says that, in the wake of publishing the strategy in November 2020, there was "a flurry of interest from investors," and she adds she has undertaken considerable outreach subsequently, speaking at investor conferences and beyond.

RLAM and FPF followed the publication of SSE's strategy with an '[expectations document](#)', to act as a blueprint for other energy utility companies to follow SSE's lead. In the run-up to COP26 in 2021, the engagement programme encouraged four further utilities in the UK and mainland Europe to explicitly include just transition in their climate plans. By the time the climate talks took place in Glasgow that November, all of them had done so, Spavieri says, including:

- Eon, which published a Just Transition statement in March 2021
- Centrica, whose [2021 Climate Transition Plan](#) included a substantial just transition section
- EDF, which published its [just transition plan](#) in October 2021
- Scottish Power, which launched a [just transition strategy](#) in November 2021
- National Grid, which published its [fair transition approach](#) in June 2022.

EDF and Scottish Power's strategies were bespoke, while Centrica integrated the just transition into its Climate Transition Plan.







## Next steps

It is now over three years since SSE unveiled its just transition strategy. McEwen says, in response to a request at the 2023 AGM, she plans to undertake a review of SSE's 20 principles in spring 2024. While she professes herself to be "really proud" of the principles and their underlying framing, "in hindsight ... I would have written them in a way that makes them more quantifiable". She also believes that "we haven't nailed the clarity". McEwen would like to see the company "using fewer words and more numbers" to set out the progress it is making on a just transition.

At the 2023 AGM, the Local Authority Pension Fund Forum asked whether, as part of this review, SSE would examine the costs of not taking action on the just transition, as well as the costs of the action itself. In response, SSE chair John Manzoni confirmed that the review will consider the costs and benefits to consumers. He also reaffirmed the commercial importance to the company of successfully managing the just transition. "With our strategy for growth so closely aligned to the transition to net zero, there is a business imperative to influencing that transition in a way that it is fair to working people, to consumers and to their communities," he said.

One area where the Just Transition Commission's Richard Hardy would like to see more action from SSE is in working with contractors on just transition-related projects to ensure union representation. He observes that, compared with 'business-as-usual' projects, where companies like SSE tend to have skills and capacity in house, just transition projects are often "smaller in character", involving fewer on-site

skills, thus requiring that the company works with contractors that might not have union recognition agreements in place.

There is also potential for closer cooperation between investors and other stakeholders, says Spavieri. She bemoans a lack of dialogue with workers and affected communities as part of investors' engagement efforts: "It's important to engage with a diverse range of stakeholders ... It's a limitation of shareholder-company dialogue that we're not talking directly to the workers, we're not talking directly to the communities ... [but] we have limited resources."

From the union point of view, Hardy says that he has had little direct interaction with investors around his work on just transition issues. He says he has not seen much evidence of investors showing an interest in "improving worker engagement and worker outcomes" so, as a trade unionist, he focuses his efforts around just transition with the company itself. He believes that it would require impetus from policymakers to make the investor-union relations "an important strategic game". That is unlikely to be forthcoming before UK-wide elections, expected later in 2024.

Within the UK, the example of a leading firm like SSE embedding the just transition into its net zero planning has not only prompted other companies in the energy sector to release their own strategies but has also provided tangible evidence of business materiality. This gave confidence to the UK's Transition Plan Taskforce to integrate just transition principles when it released a [disclosure framework](#) for all large firms and financial institutions in 2023.

## Lessons learned: observations from Nick Robins, Executive Director of the Just Transition Finance Lab

"The progress that SSE has made with its work on the just transition illustrates the importance of a number of drivers coming together, including the value of supportive policy context – provided by Scotland's Just Transition Commission – combined with receptive internal stakeholders along with engaged and active shareholders. The relationships between shareholders and senior executives within the company have proved mutually reinforcing and helped build strong internal support for ambitious action on the just transition.

"Investors have also complimented the company on the quality and comprehensiveness of SSE's subsequent disclosure around the just transition. However, both investors and the company acknowledge that there is more work to be done to find metrics and KPIs that can objectively and consistently capture just transition progress over time and between different companies."





This case study also shows how leadership can encourage wider adoption of just transition at the sectoral and national levels. For investors, it illustrates the power of active shareholder engagement. But there will often be cases where companies are reluctant to take action on just transition to achieve net zero, requiring escalation by investors. It points to the need for deeper dialogue between investors and key stakeholders (such as trade unions). Finally, it points to the need to develop just transition pathways at sectoral and national levels as part of the increasingly well-established pathways for net zero.

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